

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT
(CTBID) BOARD**

MINUTES

November 24, 2008

3:00 p.m.

**1635 Faraday Avenue, Room 173A
Carlsbad, CA**

I. CALL TO ORDER:

3:05 p.m.

In Chair April Shute's absence, Vice Chair Timothy Stripe called the meeting to order at 3:01 p.m.

II. ROLL CALL:

The Vice Chair took roll call and four Directors were present. Chair Shute and Board Member Barbara Howard-Jones were absent at the time of roll call. Ms. Howard-Jones arrived shortly thereafter.

III. and IV. (C) APPROVE MINUTES OF OCTOBER 14, 2008 MEETING AND AB11-08-37 ACCEPT SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU (SDNCVB) QUARTERLY REPORT ENDING SEPTEMBER 30, 2008

Two Consent Items: Mr. Cima made a motion, seconded by Mr. Canepa, to approve the minutes of the October 14, 2008 meeting and to accept the San Diego North Convention and Visitors Bureau Quarterly Report ending September 30, 2008. Motion carried unanimously.

V. STAFF REPORT

1) Financial Report

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.)

Financial Highlights include:

- Jan-September CTBID revenue is up 8% over prior year
- Room count has increased 12% over last 8 months
- Average Occupancy rate last 12 months = 61%
- Current year contingency \$220,000
- Unbudgeted reserves \$390,000
- Total number of hotel rooms 3,635

VI. AB11-08-38 REPORT FROM REINT REINDERS & ASSOCIATES

At the October 14, 2008 Board meeting, the Board directed Reint Reinders & Associates (RR&A) to return in November with a detailed marketing plan to be developed by RR&A, Mindgruve, and a committee of marketing experts from the hotel industry in Carlsbad, including CCVB. (The PowerPoint slide presentation is attached to these minutes.)

Mr. Reint Reinders of RR&A presented the follow-up of the marketing plan. Mr. Reinders introduced Mr. Chad Robley, President, and Mr. Michael Garten, Senior Vice President, Business Development, of Mindgruve.

Mr. Reinders provided an overview of the Phase 1 recommendations and the approach to accomplish the following objectives over a six-month term:

- Solidify the Carlsbad Destination Marketing Organization (DMO) brand and positioning
- Develop a new identity/logo for Carlsbad DMO
- Create tourism packages to stimulate hotel and attraction bookings
- Develop and execute a targeted online marketing campaign via Google, family travel websites, etc.
- Execute an overarching Carlsbad campaign to drive vacationers to Carlsbad and put heads in beds for the hotel constituents

The Phase 1 initiative will serve as the foundation and building block for all future advertising and marketing campaigns. The goal is to keep the velocity and momentum created by the Phase 1 campaign by leveraging it into a Phase 2 campaign. Mindgruve plans to begin the planning process for Phase 2, 90 days into Phase 1. The total cost of Phase 1 is \$350,000.

Mr. Stripe proposed several questions relative to each recommended objective and the dollar amounts designated for each. He requested a timeline delineating the exact month and how long each project will take. Lengthy discussion ensued between Mr. Stripe and Mr. Robley. Mindgruve will conduct the Research in December, the Brand Platform in January, the Carlsbad logo design within 30 days, Brochure design in January, the Tourism Package Development will start immediately, and the Print Campaign and Microsite Design & Programming runs March through June.

Mr. Robley indicated that a timeline can be produced within 24 to 48 hours and can be shared with the Board members.

There was concern expressed by Mr. Cima that the Wright Group and Destination Analysts had previously contracted with the CTBID Board to conduct

research and to recommend branding ideas. Mr. Cima questioned if Mr. Robley had read those recommendations. Mr. Robley replied that he did read their recommendations, and he feels that there is a significant difference in the depth of the brand platform to formalize particular findings. Mr. Cima suggested taking advantage of the previous research and hopes this could reduce some of the Mindgruve costs.

Mr. Ball recommended concluding the discussion, inviting questions and/or comments from the public audience, and deliberation by the Board members.

Mr. Becerra made a motion, seconded by Mr. Canepa, to adopt Resolution 2008-8, directing general counsel to draft a proposed contract with Mindgruve to perform the Marketing Plan and appropriating \$350,000 from Reserves and to return for Board action. Motion carried with 4 Yes and 1 No (Barbara Howard-Jones).

Mr. Cima made a motion, seconded by Mr. Becerra, to adopt Resolution 2008-9, extending the contract with Reint Reinders & Associates an additional three months and appropriating \$30,000 from Reserves. Motion carried with 4 Yes and 1 No (Barbara Howard-Jones).

VII. DISCUSSION ITEMS

None.

VIII. NEXT MEETING

The next regular meeting is on Monday, December 15, 2008, from 3:00 p.m. to 5:00 p.m. at 1635 Faraday Avenue, Room 173A.

Agenda items to include:

1. Approve the agreement with Mindgruve.

GENERAL COUNSEL COMMENT

None.

NON-AGENDA PUBLIC COMMENT

None.

ADJOURNMENT

Vice Chair Stripe adjourned the meeting at 4:31 p.m.

Respectfully submitted,

Sheryl Keller
Recording Secretary

Carlsbad Tourism Business Improvement District

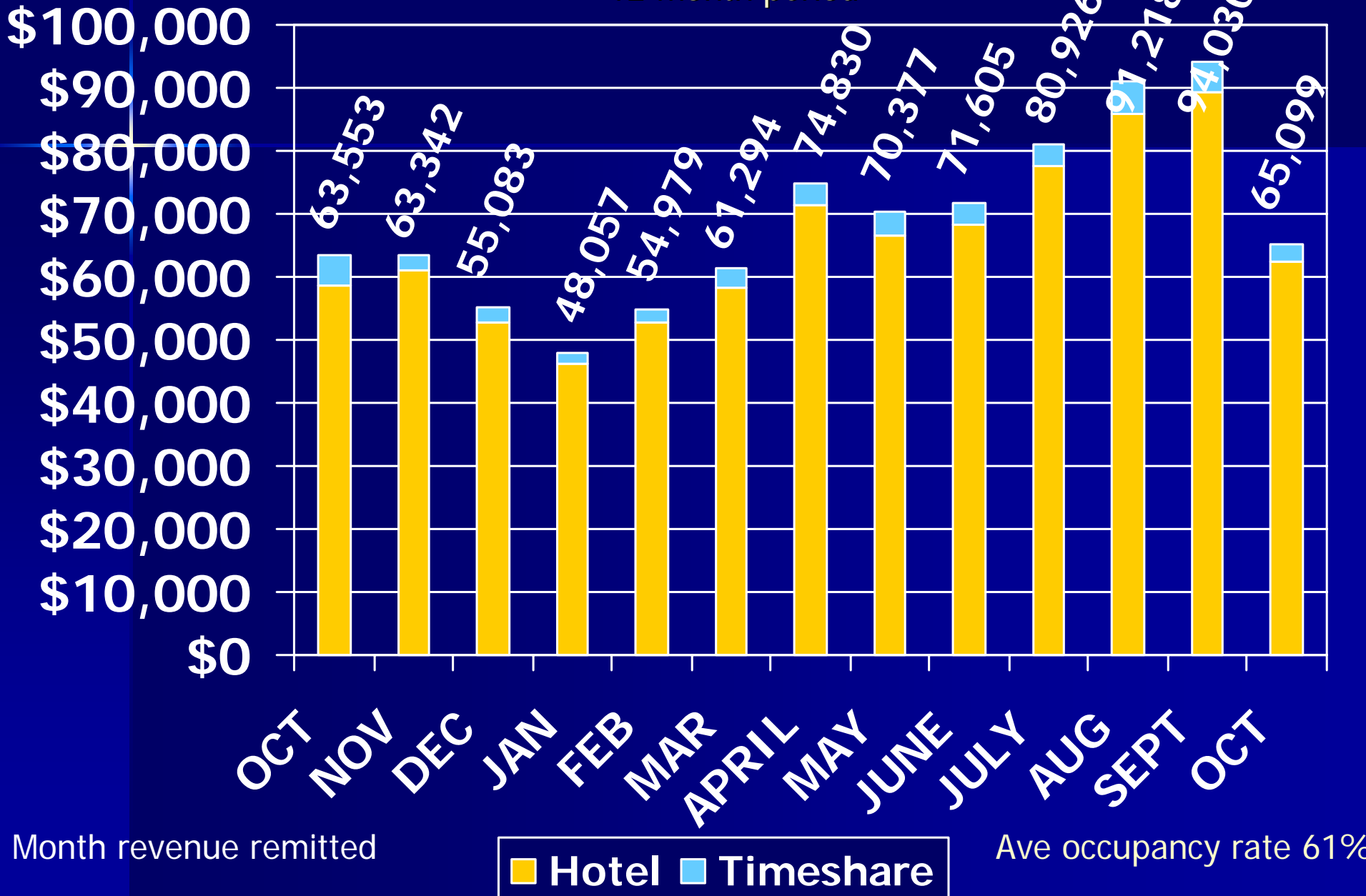
Financial Update

Cheryl Gerhardt

October 31, 2008

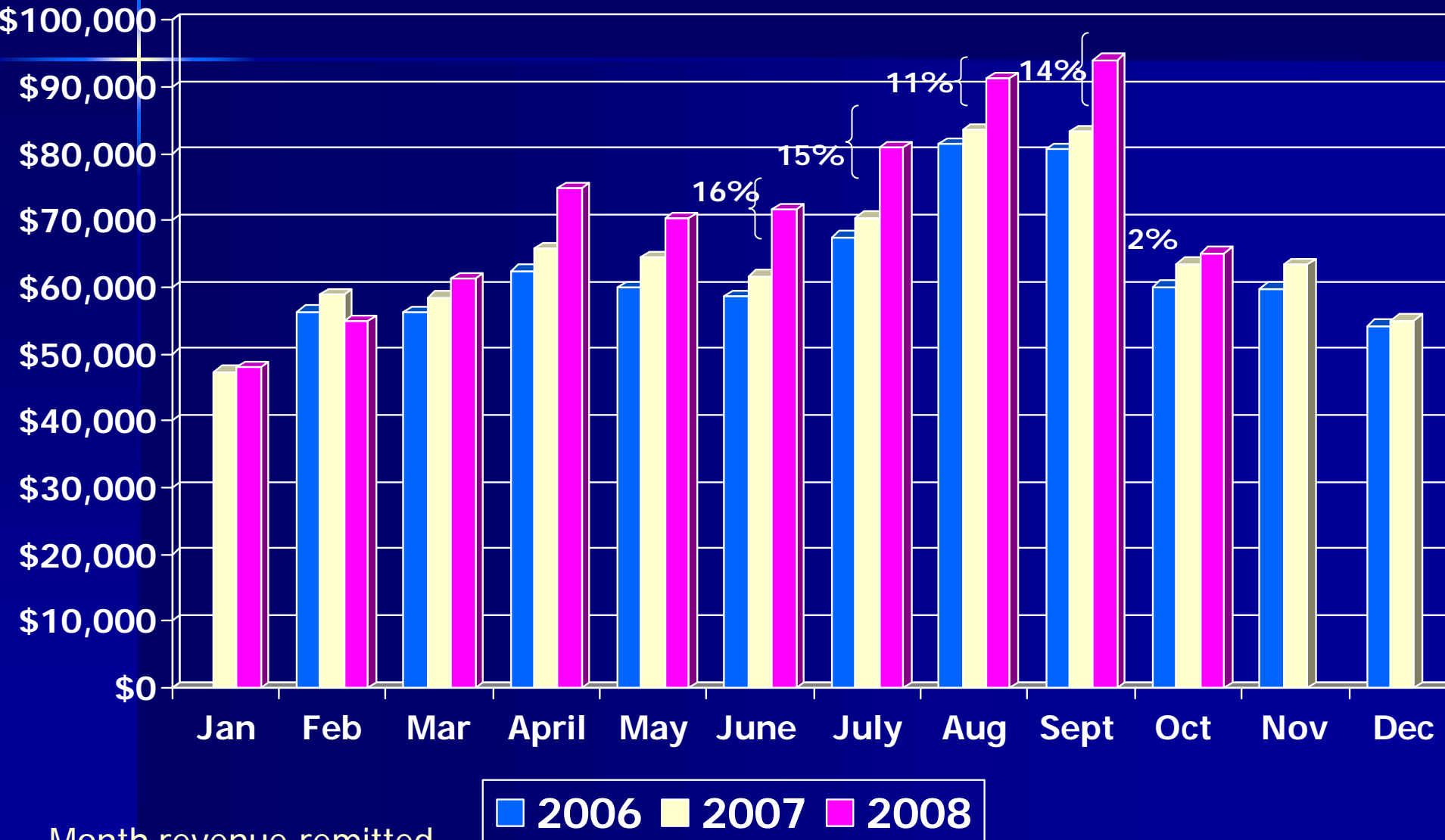
CTBID Assessment Revenue

12 month period



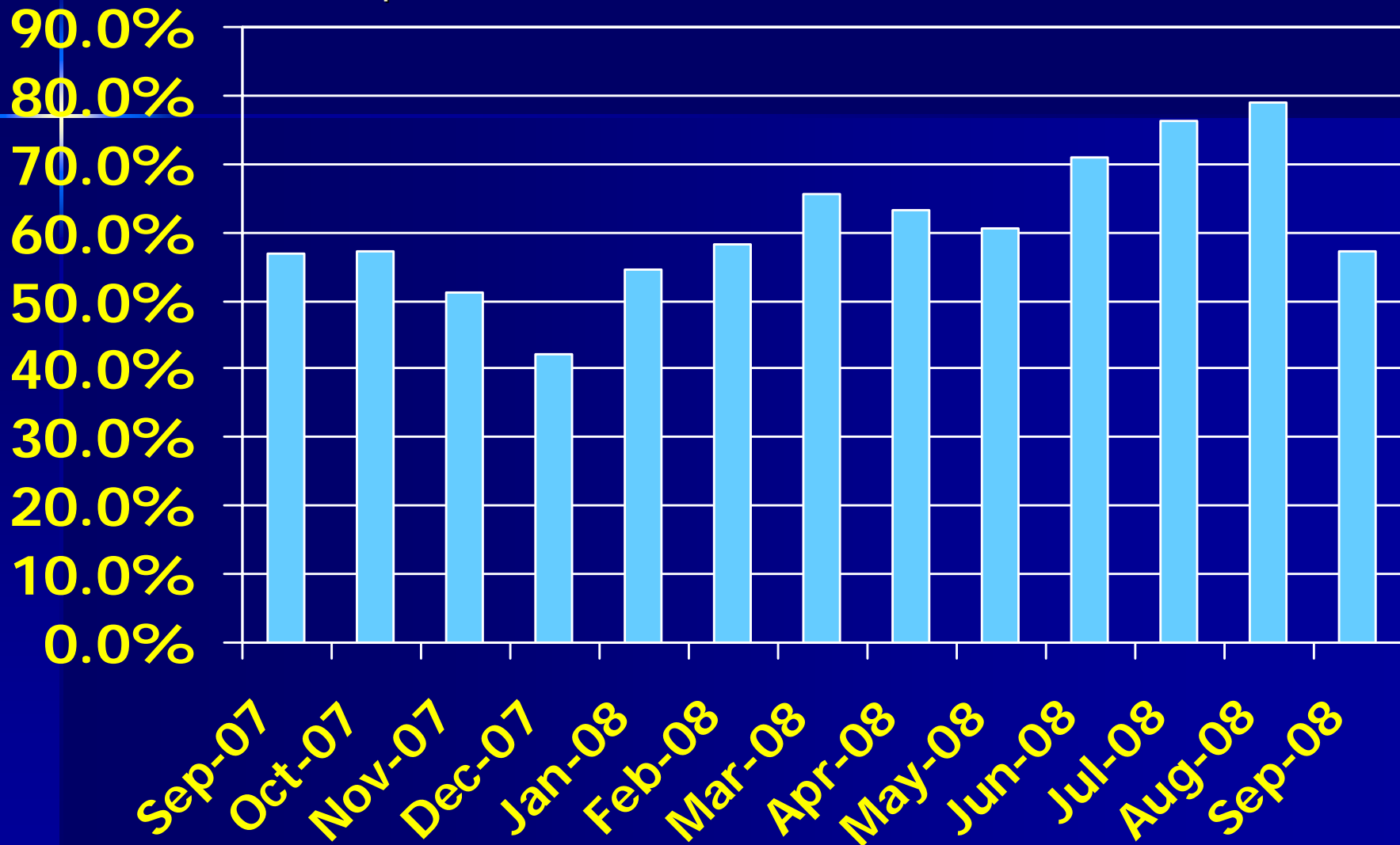
CTBID Assessment Revenue

33 month period
(since CTBID Inception)



Monthly Occupancy rate*

12 month period



Month of hotel stay

*Does not include comp rooms

Ave occupancy rate 61%

2008-09 Budget to Actual

Program Areas	Budget	Actual 31-Oct-08	Difference
<u>Revenues:</u>			
CTBID Assessment	775,000	331,013	-443,988
Interest Earnings	10,000	2,887	-7,113
Total Estimated Revenues	785,000	333,900	-451,100
<u>Expenditures:</u>			
2% Administrative Fee - City	16,500	6,439	-11,363
CCVB Contract	448,000	149,600	-335,800
SDNCVB Contract	110,000	36,666	-82,500
Staff support	16,500	7,622	-10,713
CTBID Grants	40,000	17,000*	-23,000
RR&A Contract	50,000	30,000	-20,000
Contingency	220,000	0	-220,000
Total Expenses	901,000	247,327	-653,673

* Encumbered

FYTD 2007 vs 2008

Program Areas	Actual 31-Oct-07	Actual 31-Oct-08	\$ Difference	% Difference
<u>Revenues:</u>				
CTBID Assessment	313,318	331,013	17,695	5.6
Interest Earnings	5,849	2,887	- 2,962	-50.6
Total Estimated Revenues	319,167	333,900	14,733	4.6
<u>Expenditures:</u>				
2% Admin. Fee - City	6,137	6,439	302	4.9
CCVB Contract	149,600	149,600	0	0
SDNCVB Contract	36,666	36,666	0	0
Staff support	3,161	7,622	4,461	141.1
Positioning Study	58,518	0	-58,518	-100.0
CTBID Grants	0	17,000	17,000	100.0
RR&A Contracts	0	30,000	30,000	100.0
Total Expenses	254,082	247,327	-6,755	-2.7

Financial Highlights

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MINDGRUVE

THE NEXT GENERATION AGENCY

An advertising + interactive media firm that develops result-driven solutions for some of the top brands in the U.S.

Proposal

November 24, 2008

Prepared for: Carlsbad BID
Project: Carlsbad Tourism



Carlsbad BID - Overview

The following recommendations are based on a Phase 1 approach to accomplish the following objectives over a (6) month term:

- Solidify the Carlsbad DMO Brand & Positioning
- Develop a New Identity/Logo for Carlsbad DMO
- Create Tourism Packages to Stimulate Hotel & Attraction Bookings
- Leverage The City of San Diego's equity and Campaign Initiatives to drive travelers to Carlsbad
- Develop & Execute a Targeted Online Marketing Campaign via Google, Family Travel Websites, etc.
- Execute an Overarching Carlsbad Campaign to drive vacationers to Carlsbad and put heads in beds for our hotel constituents.



This **Phase 1** initiative will serve as the foundation and building block for all future advertising and marketing campaigns. Our goal would be to keep the velocity and momentum created by this Phase 1 campaign by leveraging it into a **Phase 2** campaign. We plan to begin the planning process for Phase 2, 90 days into Phase 1. Because all of our Phase 1 campaign initiatives will be highly scrutinized and measured, we will be able to determine which tactics are performing best. In doing so, this will allow us to develop a blue print for how to maximize the media dollars in Phase 2.



Research \$17,500

In today's economy, we are faced with the challenges of increased competition, a declining dollar and consumers watching every dollar they spend. Our continued success depends upon targeting our acquisition programs more efficiently and cost effectively. Mindgruve's travel marketing industry segmentation will enable Carlsbad to profile the best customers and utilize this information, along with our powerful consumer segmentation to:

1. Target prospects
2. Tailor promotions to each audience
3. Improve cross-sell promotions for other properties
4. Identify partners for co-branding promotions

Mindgruve provides research solutions that deliver measurable results for media planning, customer acquisition and retention, promotions and cross-sell initiatives.



Our experience determining your customer's travel and lifestyle preferences through market segmentation, behavioral data and demographics will enable you to:

- **Utilize customer data** to determine how much a person is worth to you (lifetime-value and share of wallet)
- **Identify who your best customers are** (so you can find, engage and retain)
- **Eliminate advertising waste** by targeting only your best prospects
- **Establish loyalty** by offering what appeals to the customer's individual lifestyle
- **Use lifestyle analysis** to tailor promotions and maximize cross-sell opportunities



With the proper research to analyze your targeted customers, we can determine the best approach to drive home our unique value proposition.

- **Customer Acquisition and Retention** – identify the right customers at a time of need, capture them, and keep them engaged on an ongoing basis and coming back.
- **Market Feeders** – link customer information to geographics so you can prioritize your best markets and sites for expansion
- **Direct Marketing** – developing laser targeted customer profiles helps to improve your response rates by delivering messages to fewer, better-targeted prospects.
- **Media Planning** – choose the appropriate medium to reach your best customers while maximizing the impact of you media expenditures.



Brand Platform \$20,000

A brand build is a compilation of the written, verbal and visual representation of your brand which serves as a guide to consistent brand communication.

- Formalization of brand and positioning.
- To provide brand uniformity and establish a benchmark for the way the organization connects with consumers.
- Provide agency teams, i.e. public relations, traditional advertising, interactive marketing and photographers, a practical guide for all Carlsbad branding efforts.



Below is an itemization of categories we plan to explore and formalize.

Target Audience

Our primary audience and decision making influencers

Vision Statement

The brand's future goals. "Where do we want to go?"

Mission Statement

A mission statement answers the question, "Why do we exist?"

Strategic Positioning

A straightforward statement about what the organization offers in the marketplace to meet specific set of needs in that category, stated in such a way that it clearly differentiates us from the competition. Who is Carlsbad?

Unique Value Proposition

What is our point of difference?

Brand Promise

The brand's point of credibility; the most legitimate claim it can make

Brand Traits

Traits that describe the way consumers will relate to the brand. Use these traits as the benchmark for determining whether the brand message is connecting with the intended audience. In other words, "what we are and are not".



Below is an itemization of categories we plan to explore and formalize.

Brand Tone

How the brand speaks to its audiences. What's our commercial voice?

Our Story

The background and history of this brand, written in a way that connects emotionally with the consumer.
What is the Carlsbad story?

Image Exploration

What types of images do we want to reveal? The stage helps to define style, angles, type, and variety of images we plan to utilize for the campaign.

Color Story

What colors are going to be primary and complimentary to the campaign?

Type Study

What will be our primary and secondary font families that best connect to our new brand?

Mood Board

A collection of fonts, textures, colors, photos, headlines, and lifestyle icons that summarize our vision for the new brand.



Carlsbad DMO Project

Carlsbad DMO Logo Design \$10,000

Our recommendation is to develop a new logo for the Carlsbad DMO that connects with our new positioning and will better resonate with our target audience. This initiative will include several iterations of logo concept, design, color, and production.

Tourism Package Development \$15,000

Work with Hotels & Theme Park to formalize internet special packages, promotions, and coops.

Brochure Design & Production \$15,000

New brochure to promote Tourism Packages with a Carlsbad Fun Map.

Print Campaign \$15,000

Ads in targeted magazine, local publications, Val Pak, etc

Microsite Design & Programming \$25,000

Based on 4-5 microsite campaigns linked to key word domains for specific travel package sales and promotions.

Online Banner Advertising \$35,000

Banner Ads on key family travel websites that geotarget Los Angeles, Orange, Riverside, San Bernardino, San Diego Counties as well as Las Vegas, Phoenix, Tijuana.



Carlsbad DMO Project

Pay-Per-Click Advertising- Yahoo & Google \$90,000

Based on a (6) month term. Key words that drive travel and destination leads at a time of need to our specialized microsites and/or our Carlsbad Tourism Partners.

Email Marketing \$24,000

Based on 6 month term. Series of targeted emails that support our Hotel & Resort Vacation Packages and Microsites. Frequency to be determined.

Campaign Measurement \$15,000

Entire Advertising Campaign will be measured on a monthly basis including web traffic, conversions, open rates, click thru's, affiliates, channel partners, etc.

Content Development- UGC/Social Media/Blog, Articles, Video \$18,000

Carlsbad is lacking depth of content in all aspects of their website. We will utilize social media to leverage user generated content such as blogs, message boards, twitter, and others. Also, featured articles on local attractions, and videos to better engage our consumers.

Campaign Project Management \$30,000

This budget includes the monthly management fee for the account manager, project managers, account communications, meetings, and ongoing campaign strategy.

Additional Costs \$20,500

This is our additional items budget to cover all variable costs relating to Copywriting, Stock Photography, Photography, Map Illustrations, and Printing.





we'd like to partner with you!

